

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 COME-00 TRSY-02 AID-05 CIAE-00
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02
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C O N F I D E N T I A L MOSCOW 13878

DEPT PASS COMMERCE AND TREASURY

USDOC FOR BEWT

E. O. 11652: GDS
TAGS: EEWT, EFIN, UR
SUBJECT: ANDERSON/CHILEWICH PROPOSAL FOR U.S./SOVIET
FINANCIAL ORGANIZATION

SUMMARY: ANDERSON AND CHILEWICH TOLD CHARGE SEPTEMBER 21
THAT SOVIET BANKING OFFICIALS, APPARENTLY ON ORDERS FROM HIGHER
AUTHORITY, INFORMED THEM THAT PROPOSAL FOR JOINT US/SOVIET
FINANCIAL ENTITY WAS UNTIMELY AT PRESENT. ALTHOUGH THEY
CONTINUED TO MANIFEST INTEREST IN THE PROJECT, THE SOVIETS
LINKED ANY OFFICIAL AFFIRMATIVE ACTION TO UNSPECIFIC PRIOR
PROGRESS IN BILATERAL RELATIONS. END SUMMARY.

1. ROBERT ANDERSON AND SIMON CHILEWICH MET WITH CHARGE AND
E/C COUNSELOR SEPTEMBER 21 TO REVIEW THEIR DISCUSSIONS IN MOSCOW
WITH STATE BANK CHAIRMAN ALKHIMOV AND FOREIGN TRADE BANK
(VTB) DEPUTY CHAIRMAN NIKITKIN ON THEIR PROPOSAL FOR A JOINT
BANKING VENTURE. ANDERSON EXPLAINED THAT PRESENT TRIP
WAS UNDERTAKEN WITH EXPECTATION OF SIGNING A PROTOCOL WITH
VTB WHICH WOULD BE NECESSARY TO ENLIST A SUBSTANTIAL NUMBER
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OF REGIONAL AMERICAN BANKS IN THE PROPOSITION. HE HAD MADE
CLEAR TO ALKHIMOV AND MINISTER OF FOREIGN TRADE PATOLICHEV
IN WASHINGTON LAST JUNE THAT TRIP WAS PREDICATED ON ASSUMPTION
SOMETHING WOULD BE SIGNED.

2. AFTER FIRST DAY OF TALKS IN WHICH SOVIETS APPEARED TO
SUSTAIN EARLIER INTEREST IN VENTURE, THEY ABRUPTLY APPLIED

BRAKES THEREAFTER, APPARENTLY IN RESPONSE TO DIRECTIVE RECEIVED FROM HIGHER AUTHORITY. NIKITKIN, WHO COMPLAINED VOICIFEROUSLY ABOUT ALLEGED U.S. PRESS ATTENTION TO SOVIET HARD CURRENCY DEBT, AS WELL AS NEGATIVE ASPECTS OF SOVIET SOCIETY, SAID THAT ANY AGREEMENT NOW COULD BE INTERPRETED AS SOVIET "BEGGING" FOR FINANCIAL HELP. NO ONE, ACCORDING TO HIM, WAS LOOKING AT THE SOVIET POTENTIAL FOR GROWTH. HE SAID THAT ACCEPTANCE OF THE PROPOSAL WAS A MATTER OF FINDING A MORE APPROPRIATE TIME. IN A SUBSEQUENT MEETING ALKHIMOV TOLD ANDERSON AND CHILEWICH: "LET US SEE HOW THE WIND WILL BLOW AFTER THE TRADE AND ECONOMIC COUNCIL MEETING." ALKHIMOV ADDED, HOWEVER, "MAYBE THERE SHOULD BE A HEADS OF GOVERNMENT MEETING FIRST."

3. DURING MORE OPTIMISTIC DISCUSSIONS ON FIRST DAY NIKITKIN MENTIONED POSSIBILITY THAT IN ADDITION TO VTB, THE MINISTRY OF FOREIGN TRADE AND VARIOUS FOREIGN TRADE ORGANIZATIONS MIGHT ALSO WISH TO SIGN THE AGREEMENT ON ESTABLISHMENT OF THE JOINT ENTITY, WHICH ANDERSON EMPHASIZED WOULD BE SOMETHING LESS THAN A BANK. ANDERSON REPORTED THAT THE SOVIETS ALSO HINTED THEY MIGHT BE PREPARED TO DIVERSIFY THEIR BORROWING PROCEDURES SO THAT ALL LOANS MIGHT NOT HAVE TO COME THROUGH THE VTB. CHILEWICH, IN COMMENTING ON THIS, REMARKED THAT A VTB GUARANTEE WOULD PROBABLY BE NECESSARY TO PACK UP THE SIGNATURE OF THE SOVIET BORROWING ENTITY, EVEN THOUGH IT WAS IMPLICIT THAT THE SOVIET GOVERNMENT WOULD PRESUMABLY STAND BEHIND ANY SUCH COMMITMENT BY ONE OF ITS ORGANS.

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4. ANDERSON AND CHILEWICH SUGGESTED THAT STATE BANK OR VTB MIGHT BE CONTACTING EMBASSY TO ASCERTAIN USG VIEWS ON PROPOSED ORGANIZATION. CHARGE SAID THAT WE SAW NO PROBLEM WITH PROPOSAL BUT NOTED THAT WE COULD NOT OF COURSE CONTROL WHAT PRESS MIGHT HAVE TO SAY ABOUT IT. HE EXPRESSED APPRECIATION FOR PROMISE BY ANDERSON AND CHILEWICH TO KEEP US INFORMED ABOUT FURTHER DEVELOPMENTS IN THIS MATTER.

5. COMMENT: COOLNESS OF SOVIETS TOWARDS THIS PROPOSAL APPEARS TO STEM FROM THEIR CALCULATION THAT THEY HAVE ADEQUATE ACCESS TO WESTERN FINANCING AT PRESENT, TOGETHER WITH A DESIRE TO PUT ADDITIONAL PRESSURE ON U.S. BUSINESSMEN TO WORK FOR CHANGES IN THE TRADE ACT OF 1974. THE SOVIET ATTITUDE IS FULLY CONSISTENT WITH THEIR REJECTION OF U.S. TENTATIVE PROPOSAL OF SEMINAR ON ADDITIONAL MEANS OF PRIVATE FINANCING WHICH WAS PROPOSED AT MEETING OF WORKING GROUP OF JOINT COMMERCIAL COMMISSION IN WASHINGTON LAST JUNE. IT IS INTERESTING THAT THEY APPEAR TO HAVE ENCOURAGED ANDERSON AND CHILEWICH TO COME TO MOSCOW AT THIS TIME, ONLY TO PUT THE PROJECT ON ICE. IN OUR VIEW THE SOVIETS ARE CONCERNED ABOUT HARD CURRENCY DEBT AND ARE HYPER-SENSITIVE ABOUT

CRITICISM THIS ENGENDERS. THEY ARE DOING SOMEWHAT BETTER
IN BALANCING THEIR COMMODITY TRADE ACCOUNT WITH THE WEST AND
APPARENTLY ARE NOT SUFFERING FROM ANY SERIOUS WANT OF ACCESS
TO WESTERN FINANCIAL MARKETS. WHILE SOVIET OUTLOOK IS,
OF COURSE,SUBJECT TO CHANGE, WE WOULD NOT LOOK FOR ANY
EARLY REVERSAL OF THEIR POSITION ON THE ANDERSON/CHILEWICH
VENTURE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Disposition Approved on Date:
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Disposition Date: 22 May 2009
Disposition Event:
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Errors: N/A
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Review Exemptions: n/a
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Subject: ANDERSON/CHILEWICH PROPOSAL FOR U.S./SOVIET FINANCIAL ORGANIZATION SUMMARY: ANDERSON AND CHILEWICH TOLD CHARGE SEPTEM
TAGS: EEWT, EFIN, UR, US
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/880eeb3f-c288-dd11-92da-001cc4696bcc
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